

Management of Public Expenditure (A Case Study of Haryana State)

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Introduction

Public expenditure refers to the expenses incurred by the government for the maintenance of the government and to preserve the welfare of the society as a whole. It is not merely a financial mechanism rather it is a means of securing economic and social objectives. The level and pattern of expenditure as well as means through which the resources are raised have a direct effect on the income and expenditure stream of the Govt. and have, therefore, significant effect on economy. The significance of government expenditure arises from the fact that they are incurred on services provided by the government which might not otherwise be provided or which could not be provided by small amount of private expenditure. The Constitution of India has entrusted State Governments with the responsibility of development of their respective States. They have been assigned very important areas. The development process is carried with the help of public expenditure. The aim of public expenditure is to maximize the social welfare and accelerate the pace of economic development by creating infrastructure, increasing capital formation and optimizing the level of investment to generate and maintain the employment. Keeping in view all these issues the study of management of public expenditure of a State Government is highly relevant.

Haryana is one of the fastest growing states of India. Since its inception, the state has made phenomenal progress on transformation of economy. As per the quick estimates, the state is placed second in India with per capita income of Rs. 58531. The Gross State Domestic Product (GSDP) has recorded a growth of 17.7 percent at current prices in 2007-08 and is estimated to remain at 17.91 percent in 2008-09. The Structural Composition of GSDP shows a shift of the state economy from agricultural to manufacturing and service sector, which is a sign of healthy

economy moving in the right direction. The state has been a revenue surplus state up to 1987-88 but the fiscal position started deteriorating after that. Policy of liberalization, burgeoning expenditure, imposition of prohibition policy in mid 90s and implementation of 5th pay commission (FPC) further worsened the position and state turned out a revenue deficit state.

The government took corrective actions to strengthen the economy. It followed the policy of rationalization in 2000-01 which helped in controlling the salary and pension expenditure. The state participated in Debt Swap Scheme (DSS) and Debt consolidation and Relief Facility (DCRF) scheme to curtail the cost of borrowings. It implemented VAT in April 2003 and was the first state in India to do so. The Haryana Fiscal Responsibility and Budget Management (FRBM) act has been enacted from 2005. Targets to be achieved by 2009-10 have been set for different fiscal parameters in tune with the recommendations of the Twelfth Finance Commission (TFC). Resource mobilization committee has been setup to augment the state sources. The corrective actions have resulted in improvement in state financial position. With increase in state own resources and better management of expenditure, the revenue account turned into surplus. The state has been recognized as one of the best financially managed states of India in 2004-05.

The present paper is based on an empirical study of Management of State Expenditure of Haryana Government.

Objectives and Methodology

The present study has been carried out to evaluate the management of expenditure of Haryana Government. To achieve the objectives, study focuses on following analysis:

1. Composition and Trend of Total Expenditure
2. Composition and Trend of Revenue Expenditure
3. Composition and Trend of Capital Expenditure

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4. Intra Sectoral Allocation of Expenditure
5. Development and Non- Development Expenditure
6. Committed Expenditure
7. Quality of Expenditure

The study covers 20 years period from 1990-91 to 2009-10. Data for the purpose has been collected from the budget documents and finance accounts of the State Government. Primary information is collected through informal discussion with the officers of Finance Department and Accountant General (Accounts) Haryana. Percentage and ratio analysis has been used to analyze the data. For trend analysis different growth rate such as simple growth rate, compound growth and trend growth rate have been used.

Analysis of Data

1. Composition and Trend of Total Expenditure

The total expenditure of the State has increased from Rs.2322.61 crore in 1990-91 to Rs.25870.82

crore in 2008-09 and is estimated to be Rs.29793.73 crore in 2009-10. It is more than 12 times increase during the study period of 20 years. The average annual growth rate is 12.65 per cent and compound average growth rate is 10.77 per cent. The rate of government expenditure to GSDP has moved upward in nineties and was maximum at 25.92 per cent in 1994-95. From 2001-02 the ratio has moved around 13 to 15 per cent in this decade. Decline in buoyancy ratio in recent years shows the effect of measures initiated by the government to contain the expenditure. Growth rate of per capita expenditure is lower than the growth rate of total expenditure. It is because of higher growth of population. Revenue expenditure has been the major component of total expenditure throughout the study period. More than 80 per cent of total expenditure has been revenue expenditure. In some years it is above 90 per cent leaving a little amount for development activities.

Table 1. Composition and Trend of Total Expenditure

| Year | Revenue Exp. | % to T.E. | Capital Exp. | % to T.E. | Loan and Adv. | % to T.E. | Total Exp. | Growth Rate (%) | % to GSDP | Buoyancy (%) | Per Capita T.E. (Rs.) |
|----------------|--------------|-----------|--------------|-----------|---------------|-----------|------------|-----------------|-----------|--------------|-----------------------|
| 1990-91 | 1933.07 | 83.23 | 186.16 | 8.02 | 203.38 | 8.76 | 2322.61 | | 17.03 | | 1410.76 |
| 1991-92 | 2274.02 | 85.91 | 145.99 | 5.52 | 227.03 | 8.58 | 2647.05 | 13.97 | 16.20 | 0.70 | 1565.88 |
| 1992-93 | 2379.34 | 83.41 | 228.33 | 8.00 | 245.01 | 8.59 | 2852.69 | 7.77 | 16.45 | 1.26 | 1646.76 |
| 1993-94 | 3401.00 | 85.17 | 302.92 | 7.59 | 289.36 | 7.25 | 3993.28 | 39.98 | 18.04 | 1.45 | 2249.23 |
| 1994-95 | 6272.92 | 92.03 | 206.58 | 3.03 | 336.77 | 4.94 | 6816.27 | 70.69 | 25.97 | 3.80 | 3745.51 |
| 1995-96 | 5361.56 | 88.92 | 285.87 | 4.74 | 382.07 | 6.34 | 6029.50 | -11.54 | 20.24 | -0.85 | 3231.85 |
| 1996-97 | 6767.00 | 88.94 | 446.65 | 5.87 | 394.61 | 5.19 | 7608.26 | 26.18 | 21.35 | 1.33 | 3977.24 |
| 1997-98 | 6617.17 | 87.67 | 492.21 | 6.52 | 438.29 | 5.81 | 7547.67 | -0.80 | 19.53 | -0.09 | 3847.22 |
| 1998-99 | 7018.89 | 84.85 | 1025.76 | 12.40 | 227.79 | 2.75 | 8272.44 | 9.60 | 18.95 | 0.74 | 4110.63 |
| 1999-00 | 6952.05 | 85.49 | 894.09 | 10.99 | 286.31 | 3.52 | 8132.45 | -1.69 | 15.86 | -0.10 | 3916.74 |
| 2000-01 | 7181.37 | 80.61 | 1445.16 | 16.22 | 282.07 | 3.17 | 8908.60 | 9.54 | 15.34 | 0.72 | 4213.18 |
| 2001-02 | 8656.50 | 83.04 | 1467.12 | 14.07 | 301.18 | 2.89 | 10424.80 | 17.02 | 15.91 | 1.33 | 4810.71 |
| 2002-03 | 9342.12 | 91.28 | 435.80 | 4.26 | 456.43 | 4.46 | 10234.36 | -1.83 | 14.11 | -0.17 | 4636.60 |
| 2003-04 | 10117.19 | 78.23 | 385.65 | 2.98 | 2429.32 | 18.79 | 12932.16 | 26.36 | 15.68 | 1.93 | 5750.18 |
| 2004-05 | 11407.10 | 91.17 | 896.92 | 7.17 | 208.06 | 1.66 | 12512.09 | -3.25 | 13.36 | -0.24 | 5458.19 |
| 2005-06 | 12639.90 | 87.60 | 1612.31 | 11.17 | 176.67 | 1.22 | 14428.87 | 15.32 | 13.56 | 1.12 | 6178.20 |
| 2006-07 | 16362.15 | 86.23 | 2427.60 | 12.79 | 184.72 | 0.97 | 18974.47 | 31.50 | 15.00 | 1.67 | 7978.17 |
| 2007-08 | 17526.87 | 82.52 | 3426.17 | 16.13 | 285.50 | 1.34 | 21238.55 | 11.93 | 14.39 | 0.72 | 8772.27 |
| 2008-09 (R.E.) | 21715.19 | 83.94 | 3754.60 | 14.51 | 401.03 | 1.55 | 25870.82 | 21.81 | 14.33 | 0.98 | 10500.80 |
| 2009-10 (B.E.) | 25821.06 | 86.67 | 3972.67 | 13.33 | 1483.27 | 4.98 | 29793.73 | 15.16 | 13.99 | 0.84 | 11989.91 |
| AARG | 12.59 | | 17.44 | | 3.45 | | 12.65 | | | | 10.17 |
| CARG | 10.67 | | 14.45 | | 6.14 | | 10.77 | | | | 9.02 |

Sectoral composition shows that in nineties maximum expenditure was on general services followed by economic and social services respectively. In 1994-95 more than half of the expenditure was on general services. From 2004-05 onwards there is a shift in sectoral composition of expenditure. The share of economic services has increased followed by social and general services respectively. It shows a shift towards development expenditure from non-development expenditure. Share of grant in aids has been less than one per cent except from 2003-04 to 2007-08. Share of loan and advances has also registered a declining trend throughout the study period except from in 2003-04 when it was exceptionally high at 18.79 per cent. Loans worth Rs. 2114.35 crore were provided for power projects in this year. In current year estimates, the ratio is slightly higher at 4.74 per cent. From the above observations it can be concluded that total

expenditure has registered an increase in general and has multiplied by more than 12 times during the study period. Declining ratio to GSDP indicates the low growth of expenditure in comparison to state income.

2. Composition and Trend of Revenue Expenditure

Revenue expenditure constitutes a major part of total expenditure. The analysis shows that barring one or two years revenue expenditure has registered an increasing trend throughout the study period. It has multiplied by more than 13 times with trend growth rate of 12.59 per cent and compound annual growth rate of 10.67 per cent. Ratio to GSDP has been high up to 1998-99 and was 23.90 per cent in 1994-95. It was due to above average expenditure on irrigation and energy in this year. Huge money was spent on maintenance of irrigation and energy as a

Table 1.1 Sectoral Composition of Total Expenditure (%)

| Year | General Services | Social Services | Economic Services | Grant In Aid | Loan and Advances | Total Expenditure |
|--------------|------------------|-----------------|-------------------|--------------|-------------------|-------------------|
| 1990-91 | 27.32 | 28.88 | 34.62 | 0.43 | 8.76 | 100.00 |
| 1991-92 | 29.11 | 27.95 | 33.96 | 0.40 | 8.58 | 100.00 |
| 1992-93 | 26.36 | 30.67 | 33.97 | 0.40 | 8.59 | 100.00 |
| 1993-94 | 41.34 | 23.67 | 27.59 | 0.15 | 7.25 | 100.00 |
| 1994-95 | 51.22 | 18.46 | 25.28 | 0.10 | 4.94 | 100.00 |
| 1995-96 | 42.68 | 27.93 | 22.90 | 0.15 | 6.34 | 100.00 |
| 1996-97 | 48.44 | 20.89 | 25.39 | 0.10 | 5.19 | 100.00 |
| 1997-98 | 43.51 | 22.61 | 28.07 | 0.01 | 5.81 | 100.00 |
| 1998-99 | 33.92 | 27.00 | 36.32 | 0.01 | 2.75 | 100.00 |
| 1999-00 | 36.03 | 29.78 | 30.67 | 0.01 | 3.52 | 100.00 |
| 2000-01 | 35.33 | 29.74 | 31.60 | 0.17 | 3.17 | 100.00 |
| 2001-02 | 33.93 | 27.97 | 34.92 | 0.29 | 2.89 | 100.00 |
| 2002-03 | 39.48 | 29.54 | 26.47 | 0.05 | 4.46 | 100.00 |
| 2003-04 | 34.29 | 25.44 | 21.12 | 0.37 | 18.79 | 100.00 |
| 2004-05 | 39.61 | 28.01 | 29.98 | 0.73 | 1.66 | 100.00 |
| 2005-06 | 32.31 | 30.73 | 34.00 | 1.73 | 1.22 | 100.00 |
| 2006-07 | 26.01 | 27.75 | 43.82 | 1.45 | 0.97 | 100.00 |
| 2007-08 | 25.43 | 31.36 | 40.28 | 1.59 | 1.34 | 100.00 |
| 2008-09 (RE) | 24.53 | 33.52 | 39.55 | 0.84 | 1.55 | 100.00 |
| 2009-10 (BE) | 25.55 | 34.71 | 34.71 | 0.29 | 4.74 | 100.00 |

prelude to approach the World Bank for financial assistance for these sectors. Since 1999-2000 the ratio has declined and has come down to 11.88 per cent in 2007-08. Ratio of revenue expenditure to revenue receipt has been more than 100 per cent up to 2004-05. It indicates the financing of revenue expenditure by borrowed funds which cause increase in the liability without creating asset. After 2004-05 position has improved. In 2009-10 the ratio is estimated at 115.08 per cent.

The relative share of different components of revenue expenditure reveals that expenditure on

general services, which is a non-developmental in nature, has been higher up to 2005-06. After that the share of economic services is higher. Expenditure on social services registered less fluctuation comparatively. In recent years expenditure on social services has increased. In budget estimates for 2009-10, expenditure on social services is the highest one (37.89 per cent). Grants-in-Aid contribution has been less than one percent up to 2004-05 and 1 to 2 per cent after that. In current year it is estimated at 0.35 per cent.

Table 2. Composition and Trend of Revenue Expenditure

crore Rs.

| Year | Revenue Expenditure | | | | | Growth Rate (%) | (%) to GSDP | (%) to RR | Buoyancy to | | Per Capita RE (Rs.) |
|--------------|-------------------------|-------------------------|-------------------------|-----------------------|---------------------------|-----------------|-------------|-----------|-------------|--------|---------------------|
| | General Services | Social Services | Economic Services | Grant In Aid | Total Revenue Exp | | | | GSDP (%) | RR (%) | |
| 1990-91 | 627.51 32.46 | 646.43 33.44 | 649.24 33.59 | 9.89 0.51 | 1933.07 100.00 | 0.00 | 14.18 | 101.03 | 0.00 | 0.00 | 1174.15 |
| 1991-92 | 763.16 33.56 | 710.40 31.24 | 789.90 34.74 | 10.56 0.46 | 2274.02 100.00 | 17.64 | 13.92 | 101.44 | 0.89 | 1.03 | 1345.22 |
| 1992-93 | 746.44 31.37 | 813.22 34.18 | 808.27 33.97 | 11.42 0.48 | 2379.34 100.00 | 4.63 | 13.72 | 100.07 | 0.75 | 0.76 | 1373.52 |
| 1993-94 | 1643.89 48.34 | 874.94 25.73 | 876.32 25.77 | 5.84 0.17 | 3401.00 100.00 | 42.94 | 15.37 | 97.69 | 1.56 | 0.92 | 1915.62 |
| 1994-95 | 3484.78 55.55 | 1168.00 18.62 | 1613.49 25.72 | 6.66 0.11 | 6272.92 100.00 | 84.44 | 23.90 | 106.64 | 4.54 | 1.22 | 3446.94 |
| 1995-96 | 2565.40 47.85 | 1590.03 29.66 | 1197.21 22.33 | 8.91 0.17 | 5361.56 100.00 | -14.53 | 18.00 | 106.92 | -1.08 | 0.98 | 2873.83 |
| 1996-97 | 3667.47 54.20 | 1395.80 20.63 | 1696.29 25.07 | 7.44 0.11 | 6767.00 100.00 | 26.21 | 18.99 | 111.88 | 1.33 | 1.27 | 3537.47 |
| 1997-98 | 3260.69 49.28 | 1576.68 23.83 | 1779.30 26.89 | 0.50 0.01 | 6617.17 100.00 | -2.21 | 17.12 | 112.20 | -0.26 | 0.89 | 3372.92 |
| 1998-99 | 2778.45 39.59 | 2084.76 29.70 | 2155.19 30.71 | 0.49 0.01 | 7018.89 100.00 | 6.07 | 16.08 | 128.11 | 0.47 | -0.85 | 3487.73 |
| 1999-00 | 2902.92 41.76 | 2257.19 32.47 | 1791.48 25.77 | 0.46 0.01 | 6952.05 100.00 | -0.95 | 13.56 | 120.55 | -0.05 | -0.18 | 3348.24 |
| 2000-01 | 3117.33 43.41 | 2506.30 34.90 | 1542.81 21.48 | 14.93 0.21 | 7181.37 100.00 | 3.30 | 12.36 | 109.24 | 0.25 | 0.24 | 3396.32 |
| 2001-02 | 3486.19 40.27 | 2724.79 31.48 | 2414.82 27.90 | 30.70 0.35 | 8656.50 100.00 | 20.54 | 13.21 | 113.89 | 1.61 | 1.32 | 3994.69 |
| 2002-03 | 3995.32 42.77 | 2808.70 30.06 | 2532.48 27.11 | 5.63 0.06 | 9342.12 100.00 | 7.92 | 12.88 | 107.91 | 0.74 | 0.57 | 4232.38 |
| 2003-04 | 4367.72 43.17 | 2995.71 29.61 | 2706.05 26.75 | 47.71 0.47 | 10117.19 100.00 | 8.30 | 12.27 | 102.78 | 0.61 | 0.61 | 4498.53 |
| 2004-05 | 4898.10 42.94 | 3218.21 28.21 | 3199.08 28.04 | 91.71 0.80 | 11407.10 100.00 | 12.75 | 12.18 | 102.31 | 0.94 | 0.96 | 4976.16 |
| 2005-06 | 4579.67 36.23 | 3995.60 31.61 | 3814.77 30.18 | 249.86 1.98 | 12639.90 100.00 | 10.81 | 11.88 | 91.24 | 0.79 | 0.45 | 5412.19 |
| 2006-07 | 4845.05 29.61 | 4615.40 28.21 | 6626.89 40.50 | 274.81 1.68 | 16362.15 100.00 | 29.45 | 12.94 | 91.14 | 1.56 | 1.00 | 6879.77 |
| 2007-08 | 5229.68 29.84 | 5738.67 32.74 | 6221.88 35.50 | 336.65 1.92 | 17526.87 100.00 | 7.12 | 11.88 | 88.74 | 0.43 | 0.71 | 7239.22 |
| 2008-09 (RE) | 6162.68 28.38 | 7567.08 34.85 | 7766.84 35.77 | 218.60 1.01 | 21715.19 100.00 | 23.90 | 12.03 | 99.75 | 1.07 | 2.34 | 8814.06 |
| 2009-10 (BE) | 7875.60 30.50 | 9783.25 37.89 | 8072.16 31.26 | 90.05 0.35 | 25821.06 100.00 | 18.91 | 12.13 | 115.08 | 1.05 | 6.18 | 10391.19 |
| AARG | 10.99 | 13.79 | 13.40 | 24.95 | 12.59 | | | | | | |
| CARG | 8.10 | 12.17 | 12.11 | 18.25 | 10.67 | | | | | | |

It may be concluded that revenue expenditure has registered an increase throughout the study period. Ratio of revenue expenditure to revenue receipts indicates the revenue deficit up to 2004-05. After that, situation has improved. In current year again the ratio is high. Effect of worldwide depression and implementation of 6th pay commission have caused an increase in revenue expenditure.

3. Composition and Trend of Capital Expenditure

Capital expenditure has registered an increasing trend particularly in the recent years. It has multiplied by more than 14 times during the study period. The trend growth rate has been 13.52 per cent and compound annual growth rate has been 12.14 per cent.

Table 3 Composition of Capital Expenditure

| Year | Capital Outlay | | | | Loan and Advances | Total Capital Exp. | Growth Rate (%) | (% to GSDP) | Buoyancy to GSDP | Per Capita (Rs.) |
|--------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|--------------------------|-----------------|-------------|------------------|------------------|
| | General Services | Social Services | Economic Services | Total | | | | | | |
| 1990-91 | 6.99 <i>1.80</i> | 24.42 <i>6.27</i> | 154.75 <i>39.73</i> | 186.16 <i>47.79</i> | 203.38 <i>52.21</i> | 389.54 <i>100.00</i> | 0.00 | 2.86 | | 236.61 |
| 1991-92 | 7.53 <i>2.02</i> | 29.51 <i>7.91</i> | 108.95 <i>29.21</i> | 145.99 <i>39.14</i> | 227.03 <i>60.86</i> | 373.02 <i>100.00</i> | -4.24 | 2.28 | -0.21 | 220.67 |
| 1992-93 | 5.62 <i>1.19</i> | 61.81 <i>13.06</i> | 160.91 <i>33.99</i> | 228.33 <i>48.24</i> | 245.01 <i>51.76</i> | 473.35 <i>100.00</i> | 26.89 | 2.73 | 4.38 | 273.25 |
| 1993-94 | 6.84 <i>1.16</i> | 70.46 <i>11.90</i> | 225.62 <i>38.09</i> | 302.92 <i>51.15</i> | 289.36 <i>48.85</i> | 592.28 <i>100.00</i> | 25.13 | 2.68 | 0.91 | 333.60 |
| 1994-95 | 6.24 <i>1.15</i> | 90.61 <i>16.68</i> | 109.73 <i>20.19</i> | 206.58 <i>38.02</i> | 336.77 <i>61.98</i> | 543.35 <i>100.00</i> | -8.26 | 2.07 | -0.44 | 298.57 |
| 1995-96 | 8.22 <i>1.23</i> | 94.16 <i>14.10</i> | 183.50 <i>27.47</i> | 285.87 <i>42.80</i> | 382.07 <i>57.20</i> | 667.94 <i>100.00</i> | 22.93 | 2.24 | 1.70 | 358.02 |
| 1996-97 | 17.71 <i>2.11</i> | 193.80 <i>23.04</i> | 235.14 <i>27.95</i> | 446.65 <i>53.09</i> | 394.61 <i>46.91</i> | 841.26 <i>100.00</i> | 25.95 | 2.36 | 1.32 | 439.77 |
| 1997-98 | 23.00 <i>2.47</i> | 129.74 <i>13.94</i> | 339.46 <i>36.48</i> | 492.21 <i>52.90</i> | 438.29 <i>47.10</i> | 930.50 <i>100.00</i> | 10.61 | 2.41 | 1.26 | 474.30 |
| 1998-99 | 27.96 <i>2.23</i> | 148.84 <i>11.87</i> | 848.97 <i>67.72</i> | 1025.76 <i>81.83</i> | 227.79 <i>18.17</i> | 1253.55 <i>100.00</i> | 34.72 | 2.87 | 2.69 | 622.90 |
| 1999-00 | 27.26 <i>2.31</i> | 164.49 <i>13.94</i> | 702.34 <i>59.50</i> | 894.09 <i>75.74</i> | 286.31 <i>24.26</i> | 1180.40 <i>100.00</i> | -5.84 | 2.30 | -0.33 | 568.50 |
| 2000-01 | 30.08 <i>1.74</i> | 142.69 <i>8.26</i> | 1272.40 <i>73.67</i> | 1445.16 <i>83.67</i> | 282.07 <i>16.33</i> | 1727.23 <i>100.00</i> | 46.33 | 2.97 | 3.49 | 816.86 |
| 2001-02 | 50.67 <i>2.87</i> | 191.19 <i>10.81</i> | 1225.26 <i>69.29</i> | 1467.12 <i>82.97</i> | 301.18 <i>17.03</i> | 1768.30 <i>100.00</i> | 2.38 | 2.70 | 0.19 | 816.01 |
| 2002-03 | 45.36 <i>5.08</i> | 214.28 <i>24.02</i> | 176.16 <i>19.74</i> | 435.80 <i>48.84</i> | 456.43 <i>51.16</i> | 892.24 <i>100.00</i> | -49.54 | 1.23 | -4.61 | 404.22 |
| 2003-04 | 66.46 <i>2.36</i> | 293.68 <i>10.43</i> | 25.52 <i>0.91</i> | 385.65 <i>13.70</i> | 2429.32 <i>86.30</i> | 2814.97 <i>100.00</i> | 215.50 | 3.41 | 15.75 | 1251.65 |
| 2004-05 | 58.13 <i>5.26</i> | 286.95 <i>25.97</i> | 551.84 <i>49.94</i> | 896.92 <i>81.17</i> | 208.06 <i>18.83</i> | 1104.99 <i>100.00</i> | -60.75 | 1.18 | -4.49 | 482.03 |
| 2005-06 | 82.17 <i>4.59</i> | 439.11 <i>24.55</i> | 1091.03 <i>60.99</i> | 1612.31 <i>90.12</i> | 176.67 <i>9.88</i> | 1788.98 <i>100.00</i> | 61.90 | 1.68 | 4.54 | 766.01 |
| 2006-07 | 89.90 <i>3.44</i> | 649.35 <i>24.86</i> | 1688.35 <i>64.63</i> | 2427.60 <i>92.93</i> | 184.72 <i>7.07</i> | 2612.32 <i>100.00</i> | 46.02 | 2.07 | 2.44 | 1098.40 |
| 2007-08 | 170.77 <i>4.60</i> | 922.17 <i>24.85</i> | 2333.23 <i>62.86</i> | 3426.17 <i>92.31</i> | 285.50 <i>7.69</i> | 3711.67 <i>100.00</i> | 42.08 | 2.52 | 2.52 | 1533.05 |
| 2008-09 (RE) | 182.96 <i>4.40</i> | 1105.89 <i>26.61</i> | 2465.74 <i>59.34</i> | 3754.60 <i>90.35</i> | 401.03 <i>9.65</i> | 4155.63 <i>100.00</i> | 11.96 | 2.30 | 0.54 | 1686.74 |
| 2009-10 (BE) | 115.48 <i>2.12</i> | 1074.11 <i>19.69</i> | 2783.08 <i>51.01</i> | 3972.67 <i>72.81</i> | 1483.27 <i>27.19</i> | 5455.94 <i>100.00</i> | 31.29 | 2.56 | 1.74 | 2195.64 |
| AARG (%) | 20.93 | 19.45 | 15.55 | 17.44 | 3.45 | 13.52 | | | | |
| CARG (%) | 15.21 | 15.56 | 13.98 | 14.45 | 6.14 | 12.14 | | | | |

Figures in Italics are % to Total

Ratio to GSDP was 2.86 per cent in 1990-91 and 2.56 per cent in 2009-10. More than one buoyancy ratio shows higher growth of capital expenditure than the growth of state income. The sectoral composition of capital expenditure shows that up to 1997-98 a major chunk was incurred on providing loans and advances to different departments and after that maximum expenditure is on economic services. In 2002-03 and 2003-04 loan and advances are again very high. In 2002-03 loan worth Rs. 222.80 crore was provided to industries & minerals and in 2003-04 loan worth Rs. 2114.35 crore was provided for power projects. From 2004-05 economic service is the largest component of capital expenditure followed by expenditure on social services. It shows the expansion of economic and social infrastructure in the State.

4. Intra-Sectoral Allocation of Expenditure

Intra-sectoral allocation of expenditure gives an insight into distributional aspect of budget expenditure, which may be useful for policy purposes.

4.1 General Services Expenditure

Expenditure on general services is incurred to run and maintain the services. It comprises expenditure on organ of State, fiscal services, interest payments and servicing of debts, administrative services and pension and miscellaneous services etc. This expenditure is non-developmental in nature and thus the higher ratio indicates poor quality of expenditure.

Table 4.1 Composition of General Services Expenditure (in %)

| Year | Organ of State | Fiscal Services | | | | | Interest Payment & Servicing of Debt | Admin. Services | Pensions & Miscellaneous Services | | Total General Service Exp. (Crore Rs.) | GSE /GS DP | % to T.E. |
|--------------|----------------|-----------------|-----------|--------------|-------|-------|--------------------------------------|-----------------|-----------------------------------|---------------|--|------------|-----------|
| | | Land Rev. | Sales Tax | State Excise | Other | Total | | | Pension | Misc. Service | | | |
| 1990-91 | 2.64 | 1.33 | 1.51 | 0.15 | 0.47 | 3.46 | 38.14 | 25.86 | 11.09 | 18.81 | 634.51 | 4.7 | 27.3 |
| 1991-92 | 3.28 | 1.15 | 1.36 | 0.13 | 0.47 | 3.11 | 41.76 | 24.67 | 10.84 | 16.33 | 770.69 | 4.7 | 29.1 |
| 1992-93 | 3.22 | 1.30 | 1.66 | 0.15 | 0.50 | 3.61 | 45.65 | 28.20 | 14.23 | 5.10 | 752.06 | 4.3 | 26.4 |
| 1993-94 | 1.66 | 0.62 | 0.87 | 0.08 | 0.30 | 1.86 | 25.55 | 14.58 | 7.30 | 49.07 | 1650.73 | 7.5 | 41.3 |
| 1994-95 | 1.38 | 0.31 | 0.46 | 0.05 | 0.16 | 0.98 | 13.95 | 8.33 | 3.95 | 71.41 | 3491.02 | 13.3 | 51.2 |
| 1995-96 | 1.61 | 0.44 | 0.70 | 0.07 | 0.20 | 1.41 | 21.59 | 12.28 | 6.46 | 56.66 | 2573.62 | 8.6 | 42.7 |
| 1996-97 | 1.26 | 0.34 | 0.56 | 0.10 | 0.16 | 1.16 | 19.43 | 9.79 | 6.62 | 61.74 | 3685.18 | 10.3 | 48.4 |
| 1997-98 | 1.70 | 0.49 | 0.67 | 0.15 | 0.22 | 1.53 | 24.98 | 12.96 | 7.84 | 50.99 | 3283.69 | 8.5 | 43.5 |
| 1998-99 | 2.41 | 0.99 | 1.07 | 0.21 | 0.41 | 2.68 | 35.53 | 19.99 | 18.91 | 20.49 | 2806.41 | 6.4 | 33.9 |
| 1999-00 | 2.90 | 1.10 | 1.04 | 0.43 | 0.38 | 2.95 | 46.33 | 18.56 | 20.05 | 9.23 | 2930.18 | 5.7 | 36.0 |
| 2000-01 | 2.22 | 0.97 | 1.12 | 0.18 | 0.43 | 2.71 | 47.40 | 19.63 | 18.14 | 9.90 | 3147.41 | 5.4 | 35.3 |
| 2001-02 | 2.34 | 0.88 | 1.16 | 0.22 | 0.40 | 2.66 | 45.93 | 19.19 | 18.58 | 11.30 | 3536.86 | 5.4 | 33.9 |
| 2002-03 | 2.04 | 0.81 | 0.98 | 0.28 | 0.36 | 2.42 | 48.16 | 18.17 | 18.46 | 10.74 | 4040.67 | 5.6 | 39.5 |
| 2003-04 | 1.93 | 0.77 | 0.84 | 0.15 | 0.42 | 2.18 | 48.32 | 17.66 | 17.27 | 12.63 | 4434.17 | 5.4 | 34.3 |
| 2004-05 | 2.08 | 0.74 | 0.69 | 0.18 | 0.48 | 2.09 | 46.13 | 17.33 | 18.20 | 14.17 | 4956.24 | 5.3 | 39.6 |
| 2005-06 | 2.74 | 0.89 | 0.79 | 0.23 | 0.52 | 2.43 | 45.94 | 22.11 | 22.16 | 4.61 | 4661.84 | 4.4 | 32.3 |
| 2006-07 | 2.78 | 1.10 | 0.92 | 0.25 | 0.45 | 2.71 | 46.93 | 23.64 | 23.78 | 0.17 | 4934.95 | 3.9 | 26.0 |
| 2007-08 | 3.03 | 1.12 | 0.94 | 0.24 | 0.39 | 2.69 | 44.36 | 25.87 | 24.03 | 0.03 | 5400.45 | 3.7 | 25.4 |
| 2008-09 (RE) | 3.75 | 1.29 | 1.11 | 0.30 | 0.47 | 3.16 | 37.85 | 28.59 | 26.63 | 0.02 | 6345.64 | 3.5 | 24.5 |
| 2009-10 (BE) | 3.52 | 1.29 | 1.09 | 0.30 | 0.38 | 3.07 | 38.49 | 27.51 | 27.41 | 0.01 | 7991.08 | 3.8 | 26.8 |

The general services expenditure has increased from Rs. 634.51 crore in 1990-91 to Rs.7991.08 crore in 2008-09, with an increase of more than 12 times. The ratio to total expenditure shows a declining trend from 51.22 per cent in 1994-95 to 24.53 per cent in 2008-09. In 2009-10 the ratio is estimated slightly higher at 26.82 per cent. The ratio to GSDP has registered a declining trend from 15.77 per cent in 1993-94 to 4.43 per cent in 2008-09. Within the general services, analysis reveals that interest payments are consuming the maximum amount followed by pension and miscellaneous services. From 1999-2000 to 2006-07 ratio of interest payment to total expenditure has been above 45 per cent. After that it has come down. Currently pension is consuming more than one fourth of the expenditure on general services. Administrative services are another major constituent of general services expenditure. Organ of State is the fourth largest component followed by fiscal services.

4.2 Social Services Expenditure

Expenditure on social services contributes to the human development and is called 'Investing in People'. It comprises expenditure on education, sports, art and culture, public health, water

supply and sanitation, family welfare, social welfare and nutrition etc. the expenditure leads to the development of social infrastructure and promote the welfare of society. The social services expenditure has increased from Rs.670.85 crore in 1990-91 to Rs.10857.35 crore in 2009-10 with an increase of more than 16 times. The ratio of social services expenditure to total expenditure has registered an increase in the recent years. It is estimated at 36.44 per cent in 2009-10. Ratio to GSDP has also improved from 2005-06 onwards.

The individual head analysis reveals that education sports art and culture head is the major expenditure head and consumes almost half of the expenditure. The second major component is social security and welfare followed by medical and public health and water supply and sanitation respectively.

4.3 Economic Services Expenditure

Expenditure on economic services is an index of development of economic infrastructure. Economic services record expenditure on agriculture, rural development, energy, industries minerals, transport, science and technology and general economic services etc. The economic services expenditure has

Table 4.2 Composition of Social Services Expenditure (in %)

| Year | Education Sports, Art and Culture | Medical and Public Health | Family Welfare | Water Supply and Sanitation | Housing | Urban Dev. | Information & Publicity | Welfare of SC/ST & OBC | Labor & Employment | Social Security & Welfare | Nutrition | Relief for Natural Calamities | Others | Total Social Sector (Crore Rs.) | SSE Ratio to T.E. |
|--------------|-----------------------------------|---------------------------|----------------|-----------------------------|---------|------------|-------------------------|------------------------|--------------------|---------------------------|-----------|-------------------------------|--------|---------------------------------|-------------------|
| 1990-91 | 49.48 | 10.96 | 2.02 | 6.97 | 2.15 | 1.12 | 0.60 | 2.67 | 2.54 | 17.14 | 1.45 | 2.55 | 0.34 | 670.85 | 28.88 |
| 1991-92 | 50.84 | 11.48 | 2.55 | 8.20 | 0.61 | 1.59 | 0.73 | 2.71 | 2.59 | 14.17 | 1.71 | 2.38 | 0.42 | 739.91 | 27.95 |
| 1992-93 | 50.72 | 10.99 | 2.99 | 9.92 | 1.29 | 0.94 | 0.64 | 2.38 | 2.53 | 13.42 | 1.83 | 1.97 | 0.36 | 875.02 | 30.67 |
| 1993-94 | 50.08 | 11.19 | 3.70 | 10.84 | 1.55 | 0.91 | 0.65 | 2.11 | 2.47 | 11.71 | 1.79 | 2.63 | 0.38 | 945.40 | 23.67 |
| 1994-95 | 43.77 | 9.51 | 2.75 | 19.14 | 1.63 | 1.11 | 0.56 | 2.21 | 2.09 | 14.49 | 1.46 | 1.01 | 0.28 | 1258.62 | 18.46 |
| 1995-96 | 39.34 | 7.95 | 1.94 | 9.71 | 1.31 | 1.71 | 0.49 | 1.35 | 1.86 | 9.54 | 1.30 | 23.18 | 0.31 | 1684.19 | 27.93 |
| 1996-97 | 47.69 | 9.96 | 2.14 | 18.01 | 1.09 | 2.02 | 0.55 | 1.54 | 2.26 | 11.60 | 1.32 | 1.63 | 0.19 | 1589.59 | 20.89 |
| 1997-98 | 50.84 | 11.46 | 2.17 | 14.84 | 0.58 | 1.94 | 0.61 | 1.45 | 2.31 | 10.78 | 1.10 | 1.71 | 0.22 | 1706.42 | 22.61 |
| 1998-99 | 55.70 | 11.60 | 2.19 | 12.82 | 0.43 | 1.92 | 0.61 | 1.00 | 2.45 | 8.77 | 0.97 | 1.28 | 0.26 | 2233.59 | 27.00 |
| 1999-00 | 52.23 | 10.35 | 1.79 | 14.62 | 0.55 | 2.30 | 0.63 | 1.14 | 2.10 | 11.00 | 1.04 | 2.04 | 0.20 | 2421.68 | 29.78 |
| 2000-01 | 50.38 | 9.96 | 1.30 | 13.04 | 0.46 | 2.47 | 0.53 | 1.29 | 2.03 | 14.37 | 1.00 | 3.01 | 0.16 | 2648.98 | 29.74 |
| 2001-02 | 50.74 | 9.35 | 1.69 | 14.80 | 0.46 | 1.50 | 0.47 | 1.37 | 1.86 | 13.54 | 1.08 | 2.98 | 0.16 | 2915.98 | 27.97 |
| 2002-03 | 48.13 | 9.87 | 1.74 | 16.42 | 0.44 | 1.73 | 0.48 | 1.51 | 1.87 | 13.13 | 1.46 | 3.09 | 0.13 | 3022.98 | 29.54 |
| 2003-04 | 46.84 | 9.58 | 1.35 | 18.80 | 0.46 | 1.75 | 0.47 | 1.40 | 1.80 | 12.98 | 1.47 | 2.92 | 0.18 | 3289.39 | 25.44 |
| 2004-05 | 47.96 | 9.59 | 1.59 | 16.11 | 0.51 | 1.75 | 0.50 | 1.42 | 2.08 | 13.94 | 1.46 | 2.91 | 0.17 | 3505.15 | 28.01 |
| 2005-06 | 44.94 | 9.09 | 1.44 | 16.49 | 0.41 | 2.60 | 0.50 | 2.01 | 2.26 | 15.60 | 0.96 | 3.48 | 0.21 | 4434.71 | 30.73 |
| 2006-07 | 44.26 | 8.20 | 1.07 | 18.17 | 0.49 | 2.75 | 0.44 | 2.41 | 1.98 | 14.49 | 1.44 | 4.12 | 0.20 | 5264.75 | 27.75 |
| 2007-08 | 42.61 | 7.79 | 0.91 | 18.51 | 0.56 | 5.57 | 0.54 | 2.18 | 1.58 | 12.63 | 2.14 | 3.97 | 1.02 | 6660.84 | 31.36 |
| 2008-09 (RE) | 47.23 | 8.78 | 0.79 | 16.21 | 0.54 | 6.14 | 0.63 | 1.91 | 1.84 | 10.82 | 1.79 | 2.24 | 1.10 | 8672.97 | 33.52 |
| 2009-10 (BE) | 50.10 | 8.79 | 0.72 | 13.89 | 0.25 | 8.40 | 0.69 | 1.55 | 1.54 | 9.56 | 1.74 | 1.86 | 0.92 | 10857.35 | 36.44 |

increased from Rs.803.99 crore in 1990-91 to Rs. 10855.24 crore in 2009-10 with an increase of more than 13 times. An exceptional increase in 2006-07 is due to heavy expenditure on energy. In 1994-95 also there was heavy expenditure on energy and irrigation and flood control. The ratio of economic service expenditure to total expenditure has been fluctuating but from 2004-05 it has registered an increasing trend. Same is the trend of ratio to GSDP. Further analysis reveals that in the early years of study, transport, irrigation and flood control and agriculture and allied activities were the important sectors respectively. Gradually energy sector has emerged as maximum share consuming sector. In 2006-07 54.7 per cent expenditure in economic services was on energy sector. Transport is the second largest share consuming sector followed by irrigation and flood control, agriculture and allied activities and rural development respectively.

5. Development and Non- Development Expenditure

One aspect to analyze government expenditure is to analyze it from development and non-development expenditure point of view. Broadly, the expenditure

on social and economic services constitutes the development expenditure while the expenditure on general services and grants in aid is treated as non-development expenditure. Development expenditure is money spent on development of social and economic infrastructure while non-development expenditure is incurred to run and maintain the level of services. The development expenditure has increased from Rs.1474.84 crore in 1990-91 to Rs.21712.60 crore in 2009-10. It has grown at an annual trend growth rate of 14.13 per cent and compound annual growth rate of 12.51 per cent. Ratio to GSDP has moved around 10 per cent up to 2001-02 with maximum 12 percent in 1998-99. From 2002-03 it has registered a decline and moves around 7 to 8 per cent. Again from 2006-07 the ratio has been above 10 per cent.

The non-development expenditure has increased from Rs.644.39 crore in 190-91 to Rs.8081.13 crore in 2009-10. The average annual growth rate is 11.30 per cent and compound annual growth is 8.39 per cent. These growth rates are lower than the growth rates of development expenditure. It is a sign of betterment. The ratio to GSDP has increased in the initial years of the study but has registered a decline

Table 4.3 Composition of Economic Services Expenditure (in %)

| Year | Agri. and allied Activities | Rural Dev. | Irrigation & Flood Control | Energy | Transport | Science Tech. & Environment | General Economic Services | Total Economic Services | % to GSDP | % to T.E. |
|--------------|-----------------------------|------------|----------------------------|--------|-----------|-----------------------------|---------------------------|-------------------------|-----------|-----------|
| 1990-91 | 23.07 | 8.60 | 28.78 | 4.35 | 29.69 | 0.23 | 1.53 | 803.99 | 5.90 | 34.62 |
| 1991-92 | 20.52 | 7.35 | 31.66 | 4.32 | 30.44 | 0.24 | 2.52 | 898.85 | 5.50 | 33.96 |
| 1992-93 | 22.94 | 5.25 | 31.90 | 3.53 | 31.08 | 0.22 | 1.66 | 969.18 | 5.59 | 33.97 |
| 1993-94 | 22.59 | 6.14 | 30.49 | 5.54 | 31.30 | 0.20 | 1.41 | 1101.94 | 4.98 | 27.59 |
| 1994-95 | 9.92 | 3.63 | 35.37 | 26.49 | 21.62 | 0.17 | 1.24 | 1723.22 | 6.57 | 25.28 |
| 1995-96 | 14.83 | 3.94 | 29.27 | 15.33 | 30.79 | 0.31 | 1.63 | 1380.71 | 4.63 | 22.90 |
| 1996-97 | 12.65 | 3.00 | 25.21 | 32.76 | 23.64 | 0.14 | 0.87 | 1931.43 | 5.42 | 25.39 |
| 1997-98 | 13.12 | 3.10 | 26.14 | 32.14 | 23.14 | 0.10 | 0.84 | 2118.76 | 5.48 | 28.07 |
| 1998-99 | 16.34 | 2.09 | 20.04 | 39.04 | 19.93 | 0.11 | 1.00 | 3004.16 | 6.88 | 36.32 |
| 1999-00 | 13.15 | 4.82 | 24.93 | 30.62 | 24.36 | 0.12 | 0.96 | 2493.82 | 4.86 | 30.67 |
| 2000-01 | 34.31 | 3.17 | 23.01 | 14.41 | 23.06 | 0.13 | 0.85 | 2815.21 | 4.85 | 31.60 |
| 2001-02 | 26.39 | 3.72 | 21.41 | 22.79 | 24.12 | 0.09 | 0.79 | 3640.08 | 5.56 | 34.92 |
| 2002-03 | 0.22 | 5.02 | 25.95 | 36.35 | 29.85 | 0.15 | 1.09 | 2708.64 | 3.73 | 26.47 |
| 2003-04 | -9.23 | 5.10 | 23.47 | 41.93 | 36.37 | 0.26 | 1.20 | 2731.57 | 3.31 | 21.12 |
| 2004-05 | 5.85 | 4.38 | 18.88 | 38.37 | 30.20 | 0.16 | 0.96 | 3750.92 | 4.01 | 29.98 |
| 2005-06 | 10.34 | 5.73 | 19.69 | 34.52 | 26.01 | 0.18 | 0.99 | 4905.79 | 4.61 | 34.00 |
| 2006-07 | 6.88 | 3.91 | 13.33 | 54.70 | 18.46 | 0.10 | 0.63 | 8315.24 | 6.57 | 43.82 |
| 2007-08 | 12.97 | 6.84 | 18.64 | 39.97 | 19.12 | 0.09 | 0.81 | 8555.11 | 5.80 | 40.28 |
| 2008-09 (RE) | 10.64 | 9.57 | 17.46 | 37.87 | 21.31 | 0.09 | 1.43 | 10232.58 | 5.67 | 39.55 |
| 2009-10 (BE) | 7.35 | 8.61 | 16.10 | 33.88 | 29.87 | 0.33 | 2.98 | 10855.24 | 5.10 | 36.43 |

from 10.36 per cent in 1996-97 to 3.64 per cent in 2009-10. The increasing proportion of development expenditure in total expenditure indicates the quality improvement in the expenditure of the state government.

6. Committed Expenditure

Another aspect of analyzing public expenditure is to study the obligatory expenditure of the State. This expenditure is outcome of government policy and action in the past. Government is committed to meet this expenditure as it cannot be reduced in the short term. Salary, pension and interest payments are important component of this expenditure. Total expenditure on these three items was Rs. 999.19 crore in 1990-91 and has increased to Rs. 14011.04 crore in 2009-10. It is more than 40 times increase during the period. The trend growth rate is 13.78 per cent and compound annual growth

rate is 11.09 per cent. These rates are higher than growth rates of total expenditure as well as revenue expenditure. It shows increasing proportion of committed expenditure in the revenue and total expenditure. The ratio of committed expenditure to revenue receipts has been very high and was 80.32 per cent in 1999-2000. In other words out of every 100 rupee receipt of Haryana Government, Rs. 80.32 were spent in meeting this expenditure leaving only Rs. 19.68 at Government discretion to spent for development activities. Ratio to state own resources has been very high and was 96.97 per cent in 1999-2000. Ratio to GSDP has been between 6 to 9 per cent. Ratio of committed expenditure to revenue expenditure has been in the range of 28.64 per cent in 1994-95 to 66.62 percent in 1999-2000. It was more than 60 per cent from 1998-99 to 2004-05, which shows out of 100 rupees only less than 40 rupees were being spent on all other activities.

Table 5 Development and Non.-Development Expenditure

| Year | A. Developmental Expenditure | | | | | | Non-Developmental Expenditure | | | | | |
|-----------------|------------------------------|---------|----------|-----------------|-------------|-----------------|-------------------------------|---------|---------|-----------------|-------------|---------------|
| | Revenue | Capital | Total | % to Total Exp. | Growth Rate | Ratio to GSDP % | Revenue | Capital | Total | % to Total Exp. | Growth Rate | Ratio to GSDP |
| 1990-91 | 1295.68 | 179.17 | 1474.84 | 63.50 | | 10.82 | 637.40 | 6.99 | 644.39 | 27.74 | | 4.73 |
| 1991-92 | 1500.30 | 138.46 | 1638.76 | 61.91 | 11.11 | 10.03 | 773.72 | 7.53 | 781.25 | 29.51 | 21.24 | 4.78 |
| 1992-93 | 1621.48 | 222.71 | 1844.20 | 64.65 | 12.54 | 10.63 | 757.86 | 5.62 | 763.48 | 26.76 | -2.27 | 4.40 |
| 1993-94 | 1751.27 | 296.08 | 2047.35 | 51.27 | 11.02 | 9.25 | 1649.73 | 6.84 | 1656.57 | 41.48 | 116.98 | 7.49 |
| 1994-95 | 2781.49 | 200.34 | 2981.83 | 43.75 | 45.64 | 11.36 | 3491.43 | 6.24 | 3497.67 | 51.31 | 111.14 | 13.33 |
| 1995-96 | 2787.24 | 277.66 | 3064.90 | 50.83 | 2.79 | 10.29 | 2574.32 | 8.22 | 2582.53 | 42.83 | -26.16 | 8.67 |
| 1996-97 | 3092.08 | 428.94 | 3521.02 | 46.28 | 14.88 | 9.88 | 3674.91 | 17.71 | 3692.63 | 48.53 | 42.98 | 10.36 |
| 1997-98 | 3355.98 | 469.21 | 3825.19 | 50.68 | 8.64 | 9.90 | 3261.19 | 23.00 | 3284.19 | 43.51 | -11.06 | 8.50 |
| 1998-99 | 4239.95 | 997.80 | 5237.75 | 63.32 | 36.93 | 12.00 | 2778.94 | 27.96 | 2806.90 | 33.93 | -14.53 | 6.43 |
| 1999-00 | 4048.67 | 866.83 | 4915.50 | 60.44 | -6.15 | 9.59 | 2903.38 | 27.26 | 2930.64 | 36.04 | 4.41 | 5.72 |
| 2000-01 | 4049.11 | 1415.08 | 5464.19 | 61.34 | 11.16 | 9.41 | 3132.27 | 30.08 | 3162.34 | 35.50 | 7.91 | 5.44 |
| 2001-02 | 5139.61 | 1416.45 | 6556.06 | 62.89 | 19.98 | 10.01 | 3516.89 | 50.67 | 3567.56 | 34.22 | 12.81 | 5.45 |
| 2002-03 | 5341.18 | 390.45 | 5731.63 | 56.00 | -12.58 | 7.90 | 4000.95 | 45.36 | 4046.30 | 39.54 | 13.42 | 5.58 |
| 2003-04 | 5701.76 | 319.20 | 6020.95 | 46.56 | 5.05 | 7.30 | 4415.43 | 66.46 | 4481.89 | 34.66 | 10.77 | 5.43 |
| 2004-05 | 6417.29 | 838.79 | 7256.08 | 57.99 | 20.51 | 7.75 | 4989.82 | 58.13 | 5047.95 | 40.34 | 12.63 | 5.39 |
| 2005-06 | 7810.37 | 1530.14 | 9340.50 | 64.73 | 28.73 | 8.78 | 4829.53 | 82.17 | 4911.70 | 34.04 | -2.70 | 4.62 |
| 2006-07 | 11242.29 | 2337.70 | 13579.99 | 71.57 | 45.39 | 10.74 | 5119.86 | 89.90 | 5209.76 | 27.46 | 6.07 | 4.12 |
| 2007-08 | 11960.55 | 3255.40 | 15215.94 | 71.64 | 12.05 | 10.31 | 5566.33 | 170.77 | 5737.10 | 27.01 | 10.12 | 3.89 |
| 2008-09 (RE) | 15333.91 | 3571.63 | 18905.55 | 73.08 | 24.25 | 10.47 | 6381.28 | 182.96 | 6564.24 | 25.37 | 14.42 | 3.64 |
| 2009-10 (BE) | 17855.41 | 3857.19 | 21712.60 | 72.88 | 14.85 | 10.20 | 7965.65 | 115.48 | 8081.13 | 27.12 | 23.11 | 3.80 |
| AARG | 13.60 | 17.24 | 14.13 | | | | 11.19 | 20.93 | 11.30 | | | |
| CARG | 12.14 | 14.42 | 12.51 | | | | 8.30 | 15.21 | 8.39 | | | |

Table 6. Committed Expenditure of The State

| Year | Salary | | | Pension | | | Interest Payments | | | Total Committed Expenditure | | | | | |
|--------------|-----------|-----------|---------|-----------|-----------|---------|-------------------|-----------|---------|-----------------------------|-------------|-----------|---------|--------------|-------------|
| | Rs. Crore | % to GSDP | % to RR | Rs. Crore | % to GSDP | % to RR | Rs. Crore | % to GSDP | % to RR | Rs. Crore | Growth Rate | % to GSDP | % to RR | Ratio to SOR | Ratio to RE |
| 1990-91 | 686.78 | 5.04 | 35.89 | 70.39 | 0.52 | 3.68 | 242.03 | 1.77 | 12.65 | 999.19 | | 7.33 | 52.22 | 63.21 | 51.69 |
| 1991-92 | 773.92 | 4.74 | 34.52 | 83.52 | 0.51 | 3.73 | 321.86 | 1.97 | 14.36 | 1179.30 | 18.03 | 7.22 | 52.61 | 63.87 | 51.86 |
| 1992-93 | 880.65 | 5.08 | 37.04 | 106.98 | 0.62 | 4.50 | 343.31 | 1.98 | 14.44 | 1330.94 | 12.86 | 7.67 | 55.98 | 69.79 | 55.94 |
| 1993-94 | 979.83 | 4.43 | 28.14 | 120.45 | 0.54 | 3.46 | 421.70 | 1.91 | 12.11 | 1521.98 | 14.35 | 6.88 | 43.72 | 51.95 | 44.75 |
| 1994-95 | 1171.41 | 4.46 | 19.91 | 137.97 | 0.53 | 2.35 | 486.94 | 1.86 | 8.28 | 1796.32 | 18.03 | 6.84 | 30.54 | 33.51 | 28.64 |
| 1995-96 | 1369.32 | 4.60 | 27.31 | 166.18 | 0.56 | 3.31 | 555.73 | 1.87 | 11.08 | 2091.23 | 16.42 | 7.02 | 41.70 | 48.01 | 39.00 |
| 1996-97 | 1596.63 | 4.48 | 26.40 | 243.84 | 0.68 | 4.03 | 715.90 | 2.01 | 11.84 | 2556.37 | 22.24 | 7.17 | 42.27 | 48.45 | 37.78 |
| 1997-98 | 1827.34 | 4.73 | 30.98 | 257.55 | 0.67 | 4.37 | 820.33 | 2.12 | 13.91 | 2905.22 | 13.65 | 7.52 | 49.26 | 58.11 | 43.90 |
| 1998-99 | 2703.33 | 6.19 | 49.34 | 530.71 | 1.22 | 9.69 | 996.99 | 2.28 | 18.20 | 4231.03 | 45.64 | 9.69 | 77.23 | 91.23 | 60.28 |
| 1999-00 | 2686.98 | 5.24 | 46.59 | 587.36 | 1.15 | 10.19 | 1357.41 | 2.65 | 23.54 | 4631.75 | 9.47 | 9.03 | 80.32 | 96.97 | 66.62 |
| 2000-01 | 2700.18 | 4.65 | 41.07 | 570.84 | 0.98 | 8.68 | 1491.91 | 2.57 | 22.69 | 4762.93 | 2.83 | 8.20 | 72.45 | 82.83 | 66.32 |
| 2001-02 | 3032.18 | 4.63 | 39.89 | 657.05 | 1.00 | 8.64 | 1624.47 | 2.48 | 21.37 | 5313.69 | 11.56 | 8.11 | 69.91 | 80.06 | 61.38 |
| 2002-03 | 3008.46 | 4.15 | 34.75 | 745.91 | 1.03 | 8.62 | 1945.97 | 2.68 | 22.48 | 5700.34 | 7.28 | 7.86 | 65.85 | 77.48 | 61.02 |
| 2003-04 | 3255.96 | 3.95 | 33.08 | 765.70 | 0.93 | 7.78 | 2112.65 | 2.56 | 21.46 | 6134.31 | 7.61 | 7.44 | 62.32 | 71.57 | 60.63 |
| 2004-05 | 3714.10 | 3.97 | 33.31 | 901.93 | 0.96 | 8.09 | 2234.50 | 2.39 | 20.04 | 6850.54 | 11.68 | 7.32 | 61.44 | 68.61 | 60.05 |
| 2005-06 | 3893.35 | 3.66 | 28.10 | 1033.13 | 0.97 | 7.46 | 2099.83 | 1.97 | 15.16 | 7026.31 | 2.57 | 6.60 | 50.72 | 60.90 | 55.59 |
| 2006-07 | 4153.12 | 3.28 | 23.13 | 1173.33 | 0.93 | 6.54 | 2265.06 | 1.79 | 12.62 | 7591.51 | 8.04 | 6.00 | 42.29 | 48.92 | 46.40 |
| 2007-08 | 4597.00 | 3.12 | 23.28 | 1297.51 | 0.88 | 6.57 | 2345.77 | 1.59 | 11.88 | 8240.28 | 8.55 | 5.58 | 41.72 | 49.30 | 47.02 |
| 2008-09 (RE) | 6628.00 | 3.67 | 30.44 | 1690.00 | 0.94 | 7.76 | 2354.36 | 1.30 | 10.81 | 10672.36 | 29.51 | 5.91 | 49.02 | 58.91 | 49.15 |
| 2009-10 (BE) | 8820.00 | 4.14 | 39.31 | 2190.00 | 1.03 | 9.76 | 3001.04 | 1.41 | 13.38 | 14011.04 | 31.28 | 6.58 | 62.45 | 76.79 | 54.26 |

A major chunk of revenue receipts of the state is being consumed by the salary alone. The ratio of salary expenditure to revenue receipts has been very high throughout the study period with maximum 49.34 per cent 1998-99. The ratio of pension payment to revenue receipt is also high in this year. It is the effect of implementation of 5th Pay Commission. Interest payments ratio to revenue receipt was 12.65 per cent 1990-91 and peaked at 23.54 per cent in 1999-2000. It was the outcome of huge debts raised in 1998-99. From 2000-01 the ratio has come down.

However, the government has initiated measures for curtailing the expenditure. Following the policy of rationalization, in 1999-2000, salary and pension expenditure has come down. In 2007-08 it was lower than the target of Rs. 4649 crore envisaged in Medium Term Fiscal Policy Statement of the state. The total non-plan salary bill relative to revenue expenditure net of interest payments and pension was 31 per cent which was within the norm of 35 per cent envisaged by the 12th Finance commission. The interest payment ratio has also come down and

is lower than the target of 15 per cent envisaged by 12th pay commission.

7. Quality of Expenditure

The availability of better social and physical infrastructure in the state indicates the quality of expenditure. Plan and capital expenditure are associated with assets creation while Non-Plan and revenue expenditure are considered as establishment and maintenance expenditure. Similarly development expenditure indicates the development of economic and social infrastructure and non-development expenditure is running and maintenance expenditure. Thus the quality of expenditure can be judged from percentage of plan expenditure, capital expenditure and development expenditure in total expenditure. Analysis shows that ratio of plan expenditure has declined from 22.09 per cent in 1990-91 to 14.92 per cent in 1997-98.

Table 7 Quality of Expenditure Basic Parameters (%)

| Year | Plan Expenditure excld. Loan & Adv. | Capital Expenditure | Developmental Expenditure |
|--------------|-------------------------------------|---------------------|---------------------------|
| 1990-91 | 22.09 | 8.02 | 63.50 |
| 1991-92 | 22.09 | 5.52 | 61.91 |
| 1992-93 | 23.14 | 8.00 | 64.65 |
| 1993-94 | 17.19 | 7.59 | 51.27 |
| 1994-95 | 12.02 | 3.03 | 43.75 |
| 1995-96 | 16.76 | 4.74 | 50.83 |
| 1996-97 | 15.87 | 5.87 | 46.28 |
| 1997-98 | 14.92 | 6.52 | 50.68 |
| 1998-99 | 19.76 | 12.40 | 63.32 |
| 1999-00 | 21.98 | 10.99 | 60.44 |
| 2000-01 | 21.39 | 16.22 | 61.34 |
| 2001-02 | 20.14 | 14.07 | 62.89 |
| 2002-03 | 18.52 | 4.26 | 56.00 |
| 2003-04 | 16.84 | 2.98 | 46.56 |
| 2004-05 | 20.74 | 7.17 | 57.99 |
| 2005-06 | 25.41 | 11.17 | 64.73 |
| 2006-07 | 26.04 | 12.79 | 71.57 |
| 2007-08 | 31.01 | 16.13 | 71.64 |
| 2008-09 (RE) | 31.70 | 14.51 | 73.08 |
| 2009-10 (BE) | 33.50 | 13.33 | 72.88 |

After that it registered an improvement and from 2004-05 it is showing an appreciable upward trend. In 2009-10 the ratio is estimated at 33.50 per cent. Almost similar trend has been registered for capital expenditure and development expenditure. To conclude ratios of plan expenditure, capital expenditure and development expenditure are moving upward from 2004-05 onwards which indicates the improvement in the quality of expenditure.

Conclusions

The total expenditure of the state government has registered an upward trend with annual growth rate of 12.65 per cent and compound growth rate of 10.77 per cent. It has multiplied by 12 times during the study period. Though growth rate is high, but the ratio to GSDP has declined from 2006-07 onwards which indicates the lower growth of expenditure than the growth of state income effect.

Revenue expenditure has been above 80 per cent and in some years above 90 per cent of the total expenditure. In other words, less than 20 per cent and even in few years less than 10 per cent amount was spent on development activities.

Per capital expenditure growth rate is lower to

growth rate of total expenditure because of higher growth of population.

Sectoral composition of total expenditure reveals that up to 2004-05 general services was the largest component followed by economic services and social services respectively. From 2005-06 onwards economic services is the largest component followed by social services and general services respectively. This is an appreciable change and indicates the development of economic and social infrastructure.

Revenue expenditure has registered an increase with an average annual growth rate of 12.59 per cent and compound growth rate of 10.67 per cent. It has multiplied by more than 13 times during the study period. Ratio to GSDP was high in nineties but has been between 11 to 13 per cent in this decade. Revenue expenditure has been more than revenue receipt up to 2004-05 indicating the financing of consumption expenditure from borrowed funds. After that position has improved. In current year again it is more than revenue receipts indicating deficit. Effect of worldwide depression and implementation of 6th pay commission have put a pressure on fiscal position of the state.

Capital expenditure has also registered a growth

at an average annual rate of 13.52 per cent and compound growth rate of 12.14 per cent. It has multiplied by more than 14 times during the study period. The ratio of capital expenditure to GSDP has registered an increasing trend from 2005-06.

Intra sectoral allocation of expenditure shows that the ratio of general services expenditure to total expenditure has come down from 2005-06. In general services interest payments and servicing of debts has been the largest component followed by administrative services. In the second half of nineties miscellaneous services was a big component because of lottery expenditure but from 1998-99 onward pension payments are third largest component of general services expenditure.

In social services education, sports, art and culture has been the largest share consuming sector throughout the study period. Nearly half of the social services expenditure goes to this sector. Water supply and sanitation is the second largest sector followed by social security and welfare and medical and public health respectively.

The ratio of economic services expenditure to total expenditure has been highest since 2005-06. In early years of nineties agriculture and allied activities, irrigation and flood control and transport were the major expenditure consuming sectors. But from 2003-2004 energy is the largest share consuming sector followed by transport and irrigation and flood control respectively.

There has been a decline in share of development expenditure in total expenditure in nineties and again in 2002-03, 2003-04. After that, its share rose and was more than 70 per cent in last four years. Ratio of development expenditure to GSDP has improved since 2004-05.

Ratio of expenditure on salary, pension and interest payments has been very high. From 1998-99 to 2004-05 ratio of committed expenditure to total expenditure has been more than 60 per cent. In 1998-99 half of the revenue receipts of the state were spent on salary alone. In 1999-2000, 97 per cent of state's own resources and 80 percent of revenue receipts was spent on these three items. It was the effect of implementation of 5th pay commission and huge debts raised in 1998-99. The ratios have come down from 2004-05 and position has improved. Current year again is facing the effect of 6th pay

commission and the expenditure has increased.

Proportion of plan expenditure, capital expenditure and development expenditure in the total expenditure indicates the quality of expenditure. From this point of view position was not good in mid nineties and in early years of this decade. But from 2004-05 all the three ratios have improved. It indicates quality in management of expenditure of Haryana government is improving.

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